

features, functions and capacities thereof, including physical collocation, except that said company may provide virtual collocation if the telecommunications company proves to the Board that physical collocation is not practical due to limitations of space. Likewise, every telecommunications company shall make available the information needed for the transmission, routing and collection of any telecommunications service, including access to the data base, signal systems and transmission process, to assure the interoperability of the network of the telecommunications company that receives the interconnection petition and the telecommunications company that requests it.

(g) Every telecommunications company shall have access, under fair and nondiscriminatory terms, to the right of way of other telecommunications companies. Every telecommunications companies shall provide nondiscriminatory access to any right of way owned by it or under its control pursuant to the fair and reasonable charges, terms and conditions mutually agreed on. All charges and/or conditions for the use of any easements shall be fair and reasonable; and at the same time, shall be consistent with the rules and decisions of the Federal Communications Commission, of the Board and with the judicial decisions which have interpreted the applicable provisions of the Federal Communications Act.

(h) The Board shall administer the numbering of telecommunications and shall make the numbers available to the telecommunications companies on an equal basis in the measure that the Federal Communications Commission delegates to it the corresponding power. The cost of establishing agreements for the administration of the numbering of telecommunications and number portability shall be defrayed by all the telecommunications companies on a neutral competitive basis and as established or provided by the Federal Communications Commission.

(i) All local exchange service carrier shall provide, in the measure that is technically feasible, number portability, pursuant to the norms issued by the

Federal Communications Commission. If the Commission has not issued norms to such effect by December 31, 1996, the Board shall evaluate other number portability programs that could be feasible.

(j) Every local exchange service carrier shall offer reliable and nondiscriminatory access to the directory assistance service; operator service; relay service; repair service; 9-1-1 service where applicable; to telephone directories; referral service and change of number; and shall provide every telecommunications company that requests it, at a reasonable price, the name and address of its clients for billing purposes, and the names and addresses of its clients that have been published in a telephone directory directly or indirectly by said carrier, for the purposes and under the terms and conditions to be negotiated by the parties. All telecommunications companies shall cooperate to provide reliable 9-1-1 and relay system services.

(k) No telecommunications company shall use the income generated by noncompetitive services to subsidize the offering or rendering of competitive services, nor shall it discriminate in favor of its own competitive service when providing telecommunications services.

(l) No company shall offer telecommunications service at prices lower than the cost of rendering the same, except for brief periods of time and under those terms and conditions previously approved by the Board. When evaluating the petitions submitted by the telecommunications companies under this subsection, the Board shall take into consideration their impact on free competition and damages that could be caused to their competitors. The Board shall see to the strictest compliance of this subsection and, without impairing the rights of the telecommunications companies thus affected, shall file complaints for monopolistic practices before the Department of Justice, and by petition of the company against which a complaint has been filed, take the action that the Board itself deems pertinent pursuant to this Act.

(m) Every telecommunications company that provides competitive and non-competitive services, be it directly or through a subsidiary or affiliate, shall keep separate accounting systems for its competitive and non-competitive services.

(n) In case that a complaint is filed by a telecommunications company against another telecommunications company for violation to this Section, the latter shall, if the Board requests it, present its annual audit so that the Board may determine if said telecommunications company has, in effect, complied with the requirements of this Section. Said audit, and all the information related to it, shall be public, with the exception of that which the Board decides to keep confidential and for its exclusive use. The information it decides to keep confidential shall be that which is necessary to protect proprietary information, business or trade secrets, under Section 7(b)(2) of Chapter II of this Act.

(o) In case a telecommunications company files a complaint against another telecommunications company, the Board shall have access to all the accounts and records of the latter, in order to verify compliance of this Section, including all the working papers and support material of any audit carried out under this Section. All material requested pursuant to the provisions established herein shall be made available to whoever requests it, except that the Board shall keep confidential and for its exclusive use, whatever material that is essential to protect proprietary information, business or trade secrets pursuant to Chapter II, Section 7(b)(2) of this Act.

(p) Every local exchange service carrier shall provide a public notice on the changes in the necessary information related to the transmission and routing of the services used by their facilities or networks, as well as any other change that may affect the interoperability of their facilities and networks with those of any other competing telecommunications company.

(q) Within one hundred and eighty (180) days after the approval of this Act, the Board shall adopt the regulations needed to implement the requirements of this Section.

(r) No law or regulation of the Commonwealth of Puerto Rico nor any municipal ordinance shall limit or prohibit, nor shall have the effect of limiting or prohibiting the capacity of a telecommunications company to render competitive telecommunications services at intrastate or interstate level, provided however, that the courts of Puerto Rico shall not put into effect or require compliance of said laws, regulations or municipal ordinances that have or could have the effect of preventing or otherwise limiting the free rendering of such services.

(s) Nothing of the herein provided shall impair the rights under the Federal Statute that have been claimed before the Public Service Commission.

Section 5.- Procedure for Negotiation, Arbitration and Approval of Agreements.

(a) Agreements Arrived at Through Negotiation.-

(1) Voluntary negotiations.- Upon receiving a request for interconnection services, or access to network elements pursuant to Section 4 of Chapter III of this Act, an incumbent local exchange service carrier may negotiate and enter an agreement with the requesting telecommunications carrier without regard to the standards set forth in subsections (a), (c), (d), (e), (f), (g), (i) and (j) of Section 4 of Chapter III of this Act. The agreement shall include a detailed schedule of individual charges for interconnection and each service or access to network elements included in the agreement. Said agreement, as well as any interconnection agreement negotiated before the date of enactment of the Telecommunications Act of 1996, shall be submitted to the Board under subsection (e) of this Section.

(2) Mediation.- Any party negotiating an agreement under this Section may, at any point in the negotiation, request the Board to participate in the negotiation and to resolve any differences arising in the course of the negotiation.

(b) Agreements Arrived at Through Compulsory Arbitration.-

(1) Arbitration.- During the period from the 135th through the 160th day (inclusive) from the date on which an incumbent local exchange service carrier receives a petition to negotiate under this Section, any of the parties to the negotiation may petition the Board to arbitrate any open issues.

(2) Duty of Petitioner.-

(A) The party that petitions the Board to arbitrate under paragraph (1) of this Subsection (b) shall, at the same time it files its petition, provide all relevant documentation concerning:

- (i) the unresolved issues;
- (ii) the position of each of the parties with respect to those issues; and
- (iii) any other issue discussed and resolved by the parties.

(B) A party petitioning for arbitration under paragraph (1) of this subsection (b) shall provide a copy of the petition and any other pertinent documentation to the other party or parties, no later than the day on which the Board receives said petition.

(3) Opportunity to Respond.- The non-petitioning party in a negotiation under this Section may respond to the other party's petition and provide such additional information it deems pertinent within 25 days after the date the Board receives the petition.

(4) Action by the Board.-

(A) The Board shall limit its consideration of any petition under paragraph (1) of this subsection (b) as well as the response, if any, to the issues set forth by the parties.

(B) The Board may require the petitioning party and the respondent party to provide the information it deems is necessary for it to reach a decision on the unresolved issues. If any party refuses to respond or does not comply within a reasonable period of time, without justification to a request of the Board, then the Board may resolve the issues on the basis of the best information available to it regardless of its source.

(C) The Board shall resolve each issue set forth in the petition and the response thereto, if any, by imposing appropriate conditions as required, to implement subsection (c) of this Section upon the parties to the agreement. The Board shall conclude the resolution of any unresolved issues within the nine (9) months following the date on which the local exchange service carrier received the request of the petitioner as provided in Section 4 of Chapter III of this Act.

(5) Refusal to Negotiate.- The refusal of any other party to the negotiation to continue negotiating, to cooperate with the Board in performing its functions as arbitrator, or to continue to negotiate in good faith in the presence, or with the assistance of the Board, shall be deemed as a failure to negotiate in good faith.

(c) Standards for Arbitration.- In resolving any open issue by arbitration under subsection (b) and imposing conditions upon the parties to the agreement, the Board shall:

(1) ensure that such solution and conditions meet the requirements of Section 251 of the Federal Communications Act and the regulations approved by the Federal Communications Commission pursuant thereto;

(2) establish any rates for interconnection, services, or access to network elements according to subsection (d); and

(3) establish a schedule for the implementation of the terms and conditions for the parties to the agreement.

(d) Pricing Standards.-

(1) Charges for interconnection and access to network elements.-

Determinations by the Board as to what constitutes fair and reasonable rates for the interconnection of facilities and equipment for the purposes of the interconnection provided in Section 4 of Chapter III as well as what constitutes fair and reasonable rates for the use of network elements for segregated access purposes provided in said Section:

(A) Shall be based on:

(i) the cost of providing the interconnection or access to network elements which shall be applicable without reference to a rate-of-return or other rate-based formula, and in

(ii) nondiscriminatory criteria.

(B) may include a reasonable profit.

(2) Charges for Transport and Termination of Traffic.

(A) In general.- For the purposes of compliance by an incumbent local exchange service carrier with the reciprocal compensation requirement provided in Section 4 of Chapter III, the Board shall not consider the terms and conditions of reciprocal compensation to be fair and reasonable unless:

(i) such terms and conditions provide for the mutual and reciprocal recovery by each carrier of the costs associated to the transport and termination on each carrier's network facilities of calls that originate on the network facilities of the other carrier; and

(ii) such terms and conditions establish said costs on the basis of a reasonable approximation of the additional costs of terminating such calls.

(B) Rules of Construction.- This paragraph shall not be construed:

(i) to preclude arrangements that afford the reciprocal recovery of costs through the offsetting of reciprocal obligations, including

arrangements that do not contemplate reciprocal recovery such as bill-and-keep arrangements; and

(ii) to authorize the Board to engage in any rate regulation procedure to particularly establish the additional costs of transporting or terminating calls, or to require carriers to keep records with respect to the additional costs of such calls.

(3) Wholesale Prices for Telecommunications Services.-

For the resale requirement purposes provided in Section 4 of Chapter III, the Board shall determine wholesale rates on the basis of retail rates charged to subscribers for the telecommunications service requested, excluding the portion thereof attributed to any cost for marketing, billing, collection, and other costs not incurred by the local exchange service carrier.

(e) Approval by the Board.-

(1) Approval required.- Any interconnection agreement adopted by negotiation or arbitration shall be submitted for the approval of the Board. The Board shall approve or reject the agreement, with written findings of facts as to any deficiencies it finds.

(2) Grounds for Rejection.- The Board may reject agreements if it finds that:

(A) the agreement or any portion thereof adopted by negotiation under subsection (a) of this Section 5:

(i) discriminates against a telecommunications carrier which is not a party to the agreement; or

(ii) the implementation of such agreement or portion thereof is not consistent with the public interest, convenience, and necessity.

(B) The agreement or any portion thereof adopted by arbitration under subsection (b) of this Section does not meet the requirements of Section 251 of the Federal Communications Act, including the regulations promulgated by the Federal Communications Commission

pursuant to said Section 251, or the standards set forth in subsection (d) of this Section.

(3) Preservation of Authority.- Regardless of the provisions of paragraph (2) of this subsection (e), but subject to Section 253 Federal Communications Act, nothing in this subsection shall prohibit the Board from establishing or enforcing other requirements of laws of Puerto Rico in the process to review an agreement, including compliance with intrastate telecommunications service quality standards or requirements.

(4) Term for Decision.- If the Board does not act to approve or reject an agreement adopted by negotiation under subsection (a) submitted to its consideration within 90 days after filing the same, or within 30 days in the case of an agreement adopted by arbitration under subsection (b), the agreement shall be deemed as approved. No court of the Commonwealth of Puerto Rico shall have jurisdiction to review the determination adopted by the Board to such effect.

(5) Review of the Board's Actions.- In any case in which the Board makes a determination under this Section, any party affected thereby may file an appropriate action in the Federal District Court for the District of Puerto Rico to determine whether the agreement meets the requirements of Sections 251 and 252 of the Federal Communications Act.

(f) General Statements of Terms.-

(1) A telecommunications company may prepare and file with a Board a statement of the terms and conditions that such company generally offers in Puerto Rico to comply with the requirements of Section 251 of the Federal Communications Act and the regulations promulgated thereunder by the Federal Communications Commission and the standards that are applicable under this Section.

(2) Board review.- The Board shall not approve said statement unless it complies with subsection (d) of this Section, Section 251 of the Federal Communication Act, and the regulations promulgated thereunder by

the Federal Communications Commission. Except as provided in Section 253 of the Federal Communications Act, nothing in this Section shall prohibit the Board from establishing or enforcing any other requirements of the laws of Puerto Rico in its review of such statement, including compliance with quality standards and requirements applicable to intrastate telecommunications services.

(3) Term for review.- Within sixty (60) days following the date in which a statement has been submitted, the Board shall:

(A) complete the review of such statement under paragraph (2) of this subsection (f), including any reconsideration thereof, unless the filing carrier agrees to an extension of the period for such review; or

(B) permit said statement to take effect.

(4) Authority to Continue Review.- Paragraph (3) of this subsection (f) shall not preclude the Board from continuing to review a statement whose effectiveness is based on paragraph (B) of such subsection, or from allowing or disallowing such statement under paragraph (2) of this subsection (f).

(5) Duty to Negotiate Not Affected.- The submission or approval of a statement under this subsection shall not relieve the incumbent local exchange service carrier of its duty to negotiate the terms and conditions of an agreement under Section 4, Chapter III of this Act.

(g) Consolidation of Procedures.- When not inconsistent with the requirements of this Act, the Board may, to the extent which is practical, consolidate procedures in order to reduce administrative burdens imposed on telecommunications carriers, to the other parties to the procedures, and to the Board in performing its responsibilities under this Act.

(h) Filing Required.- The Board shall make a copy of the agreements approved under subsection (e) of this Section, and each statement approved under subsection (f) of this Section, available for public inspection and copying within 10 days after this approval. The Board may charge a

reasonable and nondiscriminatory fee to the parties to the agreement or to the party filing the statement to recover the costs of approving and filing such agreements or statements.

(i) Availability to Other Telecommunications Carriers.- A local exchange service carrier shall make available any interconnection, service, or access to a network element provided under an agreement approved under this Section of which it is a party, to any other requesting telecommunications carrier, under the same terms and conditions as those provided in said agreement.

(j) Definition of Incumbent Local Exchange Service Carrier.- For the purposes of this Section, the term 'incumbent local exchange service carrier' has the meaning provided in subsection (b) of Section 3, Chapter I of this Act.

Section 6.- Universal Service.

(a) Universal Service Principles.

(1) The Board shall preserve and promote universal service through predictable, specific and sufficient support mechanisms, pursuant to the provisions of Section 254 of the Federal Communications Act, and also pursuant to the following principles:

(i) The goal of universal service is to provide comparable quality telecommunications services to all sectors of the population and geographical areas of Puerto Rico.

(ii) Telecommunications services shall be available throughout Puerto Rico at fair and reasonable rates, which means that the service rates in rural areas shall be reasonably comparable to those rates provided in urban areas.

(iii) Advanced telecommunications services shall be available in all municipalities and communities, as well as in all health care providers facilities, libraries and classrooms in the public schools of Puerto Rico.

(2) All telecommunications companies shall make an equitable and nondiscriminatory contribution, as established by the Board, for the preservation and development of universal services in Puerto Rico.

(3) The structure of those support mechanisms developed, implemented and periodically reviewed by the Board shall complement but not duplicate the support mechanisms established at federal level.

(4) Universal service shall include the following services as a minimum without excluding any other service, as provided by the Board pursuant to subsection (c)(3) of this Section:

(i) access to all public switched telephone networks with voice grade capacity;

(ii) single party service;

(iii) access, free of charge, to emergency services, including the 911 emergency service; and

(iv) access to operator services.

(b) Determination of eligible telecommunications companies.

(1) The Board may, *motu proprio* or by petition, designate a telecommunications company as an eligible telecommunications company to provide universal service in one or more areas designated by the Board. On petition, and pursuant to the public interest, convenience and need, the Board may designate more than one company as an eligible telecommunications company for a service area established by the Board, provided each company meets the requirements of subsection (b)(2) of this Section. In order to make the corresponding designation, the Board shall take into consideration, among other factors, technological factors and the cost of providing the service.

(2) In order for a telecommunications company to be designated as a telecommunications company eligible to receive the universal service

program funds, it shall, within the entire service area for which it has been designated:

(i) provide the services supported by the universal service program using its own facilities or a combination of its own facilities and the resale of services of another telecommunications company; and

(ii) publish in newspapers of general circulation the availability of such services and their rates.

(3) If no telecommunications company which receive funds from the universal service program wishes to, or is able to provide services to a community, or any part thereof, which has so requested them, the Board shall determine which telecommunications company or companies are in the best position to provide such service and shall order the corresponding procedures. Any telecommunications company which has been directed to provide services under to this subsection must comply with the requirements of subsection (b)(2) of this Section, and shall be designated as an eligible telecommunications company for such community or part thereof.

(4) The Board may allow an eligible telecommunications company, through a previous authorization from the Board, to surrender its designation in any area covered by more than one eligible telecommunications company. Before granting the authorization, the Board shall impose upon the remaining eligible telecommunications companies, the obligation to guarantee the service to the users of the eligible telecommunications company which withdraws, and shall require sufficient notice to allow the purchase or construction of proper facilities by any other eligible telecommunications company. The costs and expenses incurred by the telecommunications companies to provide eligible services shall be reimbursed to them through the universal service support procedures. The Board shall establish a period of time, which

shall not exceed one year after the approval of such withdrawal under this subsection, to complete the purchase or construction.

(c) Universal Service Procedures.

(1) Within one hundred and twenty (120) days following the establishment of the Board, the aforesaid shall initiate a formal procedure to incorporate the support mechanisms to the universal service throughout Puerto Rico. As part of this procedure, the Board shall take into consideration the report, if any, submitted by the Federal State Board created by virtue of Section 254 of the Federal Communications Act. This procedure shall include a period for notice and comments.

(2) As part of the procedure, the Board shall determine:

(i). the support mechanisms needed in the jurisdiction of Puerto Rico to extend or maintain the universal service. The decision to such effects shall be made by the majority of the members of the Board if the favored mechanism or mechanisms are included among those already being used in any area under the jurisdictions governed by the Federal Communications Act, or are among those under the consideration of the Federal Communications Commission or have been implemented in the different States of the United States of America. The decision to implement any other support mechanism shall require the unanimous vote of the members of the Board.

(ii) should it be determined that one of the support mechanisms should be the establishment of a fund to defray universal service throughout Puerto Rico, the annual sum thereof shall be equal to the difference between the cost of providing the eligible services and the maximum rates that can be charged for the same;

(iii) the manner that monetary contributions made through the support mechanisms to the universal service fund throughout Puerto Rico, shall be distributed among the eligible telecommunications companies; and

(iv) the manner in which any other support mechanism shall be established, administered and controlled throughout Puerto Rico.

(3) The services to be defrayed by the universal service program in Puerto Rico shall include those services needed to deal with the particular needs throughout Puerto Rico, as established by the Board. In the determination of the services that shall be included in the definition of universal service, the Board shall take into consideration the recommendations, if any, made by the Federal-State Joint Board, established by Section 254(a) of the Federal Communications Act, as well as those services implemented by the different states of the United States of America in their respective universal service programs.

(4) All telecommunications companies shall make equitable and nondiscriminatory contributions to the universal service fund.

(5) The obligation to contribute to the Universal Service Fund shall begin on the date the telecommunications company begins to render telecommunications services in Puerto Rico and to generate income from such services, pursuant to Section 254(f) of the Federal Communications Act.

(6) The Board shall have one hundred and eighty (180) days from the date of its constitution, to complete the formal procedure provided by subsection (c)(1) of this Section, and to implement universal service. If after one hundred and eighty (180) days the Board has not fixed the amount to be contributed by the telecommunications companies, the former shall fix a sum on that date as the provisional contribution to be paid by each telecommunications company until the amount to be required is finally determined. The amount fixed as a provisional contribution shall apply retroactively to the effective date of this Act, and shall be paid henceforth until the Board modifies or replaces it, through a final, binding and unappealable decision, which shall be adopted within ninety (90) days following the date on which the provisional contribution was fixed. Said

amount shall be paid for the first time by each telecommunications company, within fifteen (15) days following the date on which the sum is fixed, and henceforth, shall be paid quarterly, or as provided by the Board through regulations. Said amounts shall be paid by check, electronic transfer, or through any other means provided by the Board through regulations.

(7) Once a final determination is adopted regarding the mechanism to contribute to the universal service, the Board shall establish those measures needed to give credit for the sums paid in excess, or to collect deficiencies in the payments made prior to the date on which said final determination is adopted.

(8) The sums of money contributed by the telecommunications companies to the Universal Service Fund through the support mechanisms established by the Board shall be covered into a special account in the Government Development Bank. Said Fund shall be used exclusively to help to render, maintain and improve the services in support of which the Fund is created.

(9) Within the year following the constitution of the Board, it shall designate an independent administrator, through competitive bidding, to manage the sums deposited in the "Universal Service" account and supervise its disbursement to eligible telecommunications companies. The entire collection, administration and disbursement process, and the use of said sums, shall be subject to the audits by the Comptroller of Puerto Rico.

(10) The Board shall review the amount of the obligation that each telecommunications company has with the universal service fund, annually, and when fixing it, shall take into consideration the recommendations, if any, of the administrator. The decisions that the Board adopts to such effects shall be based on two principal factors:

(i) the public interest in extending and maintaining a modern telecommunications system available to all the geographic and social sectors of Puerto Rico and

(ii) the need to ensure that the criteria used to establish the contribution of the companies to the Fund are viable and are uniformly and equitable, applicable, and are not arbitrary or discriminatory.

(11) The funds obtained through the mechanism to contribute to universal services shall be used efficiently in order to expedite the offer of high quality services at the best price possible.

Section 7.- Pricing and Charges Information.

(a) Every telecommunications company shall have to submit to the Board a list of prices and charges, and every time a change is made, it shall have to submit them simultaneously when implemented in the market.

(b) The Board shall, at request of the interested party, and through a complaint thereby, ascertain whether the prices and/or charges established are not based on their cost, thus violating the principle of fair and sound competition. To such effects, the Board may request the complainant telecommunications company all the information pertinent to the prices or charges established by it. This information shall be available to the complainant party, except that the Board shall keep confidential and for its exclusive use, such material which is needed to protect proprietary information, and business or trade secrets, pursuant to Chapter II, Section 7 (b)(2) of this Act.

(c) The Board shall have a maximum of thirty (30) days to adjudicate complaints under this Section. However, the Board may, at the request of the complainant telecommunications company, order a suspension of the application of the prices and/or charges in question, until the complaint is resolved on its merits. Every request to suspend the temporary application of the objected prices and/or charges shall be adjudicated within a term of not more than five (5) days from the date the petition to such effects is filed.

(d) When the Board determines that the pricing and/or charge structure is not based on costs, the Board may order the permanent suspension of said prices and charges, besides imposing administrative fines up to a maximum twenty five thousand (25,000) dollars for each violation of this Act. In the case of a continuing violation, each additional day shall constitute a separate offense, but the total fine imposed shall not exceed two hundred and fifty thousand (250,000) dollars, in any case.

Section 8.- Availability of Public Property.

Within a term of one hundred eighty (180) days after the approval of this Act, the Board shall establish procedures through which the agencies, departments, public corporations, municipalities and political subdivisions of the Commonwealth of Puerto Rico shall, on a just, reasonable and non-discriminatory basis, make available to certified telecommunications companies, the real property, rights of way and easements under its control, for the location of new telecommunication services and equipment which depend, partially or totally, on the use of spectrum-related federal rights for the transmission or reception of telecommunication services. Such procedures shall establish a presumption that all requests for the use of real property, rights of way and easements by duly certified providers shall be granted, provided they are not in direct or inevitable conflict with the mission of the department, agency, public corporation, municipality or political subdivision, or with the present or planned use of the property, rights of way and easements owned by them. Said departments, agencies, public corporations, municipalities and political subdivisions may charge reasonable fees for the use of its properties, rights of way and easements.

Availability of the transmission towers shall be established in every case through negotiation by the parties, pursuant to the provisions of the Act and Federal laws and jurisprudence.

Section 9.- Regulation of Cable Systems.**(a) Franchises**

(1) No cable company shall build or operate a cable system in Puerto Rico, fully or partially, without having previously obtained a franchise under this Section for such construction or operation.

(2) The Board shall be empowered to grant non-exclusive franchises to one or more cable companies to provide said services, if it determines that granting such franchises, in one or all service areas and to one or more cable companies, is in the best public interest. A franchise may be granted for a specific period of time, which shall not exceed eighteen (18) years. The Board shall specify in all its franchises, the conditions, limitations, requirements and service areas determined as necessary to promote the purposes of this Act. All franchises granted up to the present by the Public Service Commission shall remain in effect with regard to their rights and responsibilities, but the Board shall assume jurisdiction on the terms and conditions of said franchises.

(3) Without it being understood as a limitation, the Board shall also specify in the franchises those reasonable conditions and requirements in connection with expansion and updating of the network, quality of service, extensions and improvements of services in areas with no service or poorly served, and shall evaluate the technical, legal, financial and moral credentials of the officials and directors of the cable company being granted a franchise. The Board may renew or extend said franchises for a specific term that shall not exceed ten (10) years, if it determines that such renovations or extensions help in promoting the purposes of this Act.

(4) Subject to the provisions of applicable Federal statutes, every cable company operator shall program, reserve and offer access to non-commercial channels for public and educational use as part of their basic services, so that every subscriber shall have access to said

channels. The Board shall not grant any authorization for the operation of cable services, unless the above obligation has been complied with to the satisfaction of the Board, provided that the Board shall require such compliance in the corresponding franchises.

(5) The Board may modify, suspend or cancel a franchise, for just cause, if it determines that a cable company has not complied substantially with the requirements of such franchise, or for having repeatedly violated the provisions of this Act or the regulations of the Board, after due notice and hearing.

(6) The Board shall promulgate the necessary regulations to enforce the provisions of this Section.

(7) The provisions of this Section, as well as all regulations promulgated by the Board with regard to cable services shall be consistent with the Federal Cable Television Act and Title III of the Federal Telecommunications Act of 1996.

(b) Transfer of Authority

Upon approval of this Act, all authority, powers and duties related to cable systems under the jurisdiction of the Public Service Commission, conferred by laws or regulations, shall be transferred to the Board without any limitation whatsoever.

(c) Franchise charges

Every cable company shall continue to pay the same charges, liens or taxes on account of franchise fees that it has paid up to the moment this Act is approved; Provided that said cable companies shall also pay annual regulatory fees, under the provisions of Section II of Chapter II of this Act, only to the extent and in proportion to the telecommunications services rendered in Puerto Rico.

Section 10.- Suspension of Services.

No cable or telecommunications company certified by the Board pursuant to the provisions of this Act may suspend its services to its subscribers without complying with the procedures established in Act No. 33 of June 27, 1985, as amended, which through the present is made applicable as pertinent to the suspension of services by private companies or enterprises in the cable and telecommunications field.

Section 11.- Complaints by Subscribers.

(a) Within ninety (90) days following the approval of this Act or the issuing of its certification or franchise, the telecommunications and cable companies shall adopt and present to the Board for its approval, a procedure for the resolution of subscriber complaints. Unless the Board takes action, said procedure shall be deemed as approved after thirty (30) days from the filing thereof before the Board.

Once it is approved, the procedure shall be notified to all subscribers of the telecommunications company. It shall also be incorporated to every new subscriber service contract. Said procedure shall include the obligation of the telecommunications company to give notice to the subscriber of his right to request a review of the adjudication of the complaint presented by the company.

(b) The Board shall have primary jurisdiction to review the adjudication by a telecommunications company of the complaints filed by their subscribers pursuant to the complaint resolution procedure of the telecommunications company. The Board shall not consider complaints of subscribers which have not been submitted first to the telecommunications company as part of the complaint procedure.

(c) Every petition for review under the above subsection shall be presented before the Board within the unextendable term of 30 days from the notice to the subscriber of the determination of the telecommunications company.

(d) The Board shall establish a new record apart from the one created by the telecommunications company during the consideration of the complaint to determine whether it shall confirm, reverse or modify the decision of the telecommunications company.

Section 12.- Fraud Prevention.

(a) Every telecommunications and cable company shall adopt the policies and procedures to reduce and prevent fraud in the purchase, sale and rendering of cable and telecommunications services within ninety (90) days following the approval of this Act, or of the date on which the Board issues the certification or corresponding franchise.

(b) The Board shall promulgate and put into effect regulations designed to fight and prevent fraud in telecommunications.

CHAPTER IV.- SUPPLEMENTAL PROVISIONS

Section 1.- Administrative Procedures.

All processes for which this Act fails to provide a procedure, shall be governed by Act No. 170 of August 12, 1989, as amended, known as the "Uniform Administrative Procedure Act of Puerto Rico." This means that the Uniform Administrative Procedure Act of Puerto Rico shall govern all procedures for the adoption of regulations, adjudicative procedures, judiciary review, the procedure to grant franchises, certifications, complaints of subscribers and between telecommunications companies, and inspection procedures. As provided in the Uniform Administrative Procedure Act of Puerto Rico, the decisions and orders of the Board shall be subject to review by the Circuit Court of Appeals of Puerto Rico, except in those cases in which the Federal Communications Act establishes the specific procedure to be followed.

Section 2.- Severability.

Invalidation of any part of this Act by a judicial determination shall not affect the validity of the remaining provisions.

Section 3.- Incorporation of Laws by Reference; Amendments.

Wherever reference is made to any portion of this Act or any other act of the Commonwealth of Puerto Rico, such reference shall apply to all its prior or subsequent amendments and additions in effect.

Section 4.- Procedural Guidelines.

The Board shall be guided, during the initial stage of its operations, by the procedural concepts and precepts used by the Federal Telecommunications Commission, especially Part I - Practices and Procedures - Subpart C, Rulemaking Proceedings- for the formulation of rules and regulations.

Section 5.- Repeal.

Act No. 64 of August 23, 1990, as amended, is hereby repealed.

Section 6.- Effectiveness.

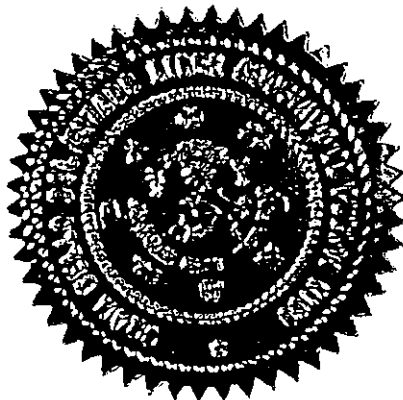
This Act shall take effect immediately after its approval.

DEPARTMENT OF STATE

I DO HEREBY CERTIFY: That this is
a true and correct copy of the original
approved and signed by the Governor of
the Commonwealth of Puerto Rico on.....
September 12, 1996

As of date: June 26, 1997


RAFAEL A. MARTINEZ COLON, LL.M.
Assistant Secretary of State



ISSUED FOR OFFICIAL USE
No fees collected

CERTIFICATE OF SERVICE

I, Gail M. Mullen, do hereby certify that a copy of the foregoing Comments for the Puerto Rico Telecommunications Regulatory Board, was sent by first class United States mail, postage prepaid, or by hand delivery or facsimile where indicated by an asterisk (*), this 11th day of July, 1997, to the following:

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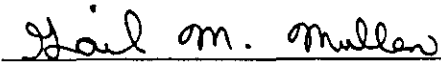
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